

UNEMPLOYMENT INSURANCE FRAUD COSTS BUSINESSES

How you can protect your business against fraud

Unemployment Insurance (UI) fraud is a crime, and it can drive up your unemployment insurance costs. The Employment Development Department (EDD) is cracking down on individuals who are fraudulently collecting benefits, and there are steps that you can take to fight fraud, protect your unemployment insurance account, and help control your costs.

WHAT YOU CAN DO

- 1. Check your notices and respond right away.** Carefully review every form "Notice of Unemployment Insurance Claim Filed, DE 1101CZ" and "Notice of Wages Used for Unemployment Insurance Claim, DE 1545" we send you. Look for names and social security numbers of individuals who may still be working for you, who never worked for you, or whom you believe are not entitled to benefits. Report any discrepancies to EDD immediately.
- 2. Destroy records properly.** You can protect yourself and your employees by properly disposing of old payroll records instead of throwing them away. California law requires you to properly destroy (i.e., shred, erase, etc.) the personal information in all records under your control. Identity thieves may attempt to obtain personal information – name, address, date of birth, social security number – to fraudulently collect unemployment benefits.
- 3. Verify social security numbers.** When hiring new employees, verify the social security numbers with the Social Security Administration to ensure wages are reported properly. Employers can verify up to five numbers by calling **1-800-772-6270**. Visit www.ssa.gov/employers for more information.
- 4. Keep good employment records.** When an individual's employment ends with you for any reason – lack of work, voluntary, termination, etc. – be sure to keep detailed records so you can respond to our notices, telephone calls, or investigations.
- 5. Protect your employees.** Use an alternate employee number rather than a social security number to identify employees on internal time cards, correspondence, etc. Do not openly display or discuss personnel information.
- 6. Report security violations.** If you believe your personnel records or other personal information has been compromised or stolen, or if you suspect fraud on your employer account, contact EDD right away so we can protect your account. When a former employee files for benefits, you should receive notices from us. Contact us if you believe you are not receiving the notices – it may mean that someone has changed information so that you would not learn about fraudulent charges.

HOW TO REPORT FRAUD



If you think someone is fraudulently collecting unemployment benefits, please contact EDD's toll-free fraud hotline at **1-800-229-6297**. For more information on UI fraud, visit the EDD Web site at www.edd.ca.gov.